

# A.M.A. NEWS LETTER

AMERICAN MANAGEMENT ASSOCIATION, 330 WEST 42nd ST., NEW YORK, N. Y.

SEPTEMBER 20, 1936

## AMA's Book on Packaging is Published

Off the press this week came AMA'S most recent publication, *Packaging, Packing & Shipping* (right), to meet a strong demand in every corner of the business world where goods are packaged.

The book covers thoroughly the field of packaging, going into the details of design, merchandising, packaging materials, packaging machinery, and packing and shipping.

The filling of hundreds of advance orders is rapidly putting a hole in the limited edition of 1500 copies. Orders for the 250-page volume, which is wholly a record of packaging, packing and shipping as the subjects have been developed through the AMA, have come from companies and individuals in every conceivable industry; they have come from such unexpected places as Java, China and South Africa.

And no wonder! In the six years that the packaging conferences have been held by the AMA, the Association has called in the best authorities in the field, those who have had the widest experience with practical problems of packaging, to tell about their work. The fruit of those conferences is now brought together under one cover. Illustrations in the book are of packages that have won the Irwin D. Wolf Trophy and awards in the annual competition for distinctive merit in packaging.

Keeping the spirit and mode of the packages which it describes, the book itself is a smart packaging job. (We nominate it for first place in the consumer convenience classification.) The cover was designed by Jim Nash, well-known commercial artist, whose Du Pont Five-Star Anti-Freeze container won the Irwin D. Wolf Trophy in the 1936 competition.

If you want a good book on packaging for your library, send in your order now. The volume sells for \$7.50.



... for consumer convenience, some package ...

## Sales Managers to Meet at Hotel Pennsylvania

The Fall Conference of the Marketing Divisions, already announced for November 12-13, will be held at the Hotel Pennsylvania, New York City, it has been decided. Divisional Vice-Presidents Henry Dodge and John H. Macleod are rounding out their list of speakers. Both the subjects, listed in the last *News Letter*, and the caliber of the speakers insure an unusually successful meeting.

### McKinsey Paper in Demand

An unprecedented demand has developed for "Organization Problems Under Present Conditions," by James O. McKinsey, Chairman, Marshall Field & Company. This paper was presented by Mr. McKinsey at the last General Management Meeting of the AMA. It has been hailed as one of the most important recent AMA contributions to management literature.

## "Measured Day Work"

The Association would appreciate hearing from those firms in the membership who have had experience with the use of "measured day work." This is a fairly new form of incentive plan whereby workers are graded into A, B, C, D, etc., grades and are moved from one grade to another on the basis of both the quality and quantity of their work.

### Industrial Standardization Lectures

The engineering and management aspects of industrial standardization will be considered in a series of eight lectures to be given during the next two months by Dr. John Gaillard, an industrial engineer and a member of the staff of the American Standards Association. The lectures will be given evenings in the Auditorium of Metal Products Exhibits, Inc., Rockefeller Center, New York City. Further information regarding the lectures may be obtained by writing to Room 807, 29 West 39th Street, New York City. The first lecture will be given October 7th.

## Finance Program Expands

The Conference of the Division of Finance and Accounts, to be held at the Waldorf-Astoria, New York, N. Y., on Wednesday-Friday, December 2-4, will include papers on:

FIRST DAY: "Significant Departures in the 1936 Federal Revenue Act"; "The Undistributed Earnings Tax"; "The Unjust Enrichment Tax: Is the So-called Unjust Enrichment Income or Booty?"; Dinner meeting: "The Effects of Present Tax Trends"; "What Was Done About Taxes in Nebraska?"

SECOND DAY: "Economic Perpetuation of Capital"; "The Accounting Aspects of Perpetuation"; "How Finance Perpetuation?" "The Financial Policy of the Federal Government and Its Future Effects"; "The Securities Act and the Flow of Debt Capital."

THIRD DAY: "Obstacles Impeding the Flow of Equity Capital."

The AMA Research Department wishes to express its appreciation to companies which replied to the questionnaire on mutual benefit associations.

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## Packaging Show Planners See Expansion in 1937

**Steady Growth of Exposition Since  
Its Inception Gives Clear Indi-  
cation of Continuing**

Anticipating further growth of what has become a marketing institution of the first magnitude—the annual packaging exposition—the AMA this week started active planning for the Seventh Packaging Exposition, which will be held March 23-26, inclusive, 1937, at the Hotel Pennsylvania, New York City.

In 1936, some 7,000 business executives attended the Exposition; in 1937, an estimate of 10,000 or 12,000 is probably conservative.

Expansion, then, is the keyword of plans in the making. Exhibitors will find these new features of interest: the area available for floor space has been increased; the Exposition will be housed on two floors, with the only entrance at the Southeast Ballroom, via the Irwin D. Wolf Awards exhibit, and the only exit through the Main Ballroom and its foyer and flanking rooms; effectiveness of the booth layout has been enhanced—awkward corners and "sub-marginal" space has been eliminated; all aisles have been increased from the 7 and 7½ foot width obtaining in previous expositions to a uniform 10 foot width throughout.

### Two Concurrent Events

As in previous years, the Exposition will be the background for two concurrent events: the Seventh Conference on Packaging, Packing and Shipping, under the Consumer Marketing Division of the AMA, and the exhibition of entries in competition for the 1936-37 Irwin D. Wolf Trophy and Awards for Distinctive Merit in Packaging.

This year the conference will bring together the nation's foremost authorities to discuss the currently outstanding problems in packaging, packing and shipping. Each year the meetings and clinics have increased in authority, in prestige and in their contribution to the practical solution of trying problems. The Seventh Conference promises to be a notable event.

The annual packaging competition, and the exhibition of Wolf Award en-

### On These Dates . . . You Have Dates With AMA

*Members are asked to mark  
the dates listed below on their  
calendars.*

October 21-22—Office Manage-  
ment Meeting.

November 12-13 — Marketing  
Meeting.

December 3-4—Financial Meet-  
ing.

*All three meetings will be in  
New York.*

## FIRMS TAKING BIGGER MEMBERSHIPS IN AMA

**Four Companies Add to Number  
of Representatives**

Within a short time of each other, four companies, widely separated in type of business, have testified to the value of the AMA by increasing their memberships.

One company returned an invoice for annual dues with a check more than doubling the amount and increasing the number of its representatives to fifty. One of their high officials says that the action is directly attributable to "the very fine job which the American Management Association has been doing in promoting good industrial relations among industries at large as well as in performing an outstanding service in its other fields of activity."

A month later a Class C member of long standing increased the number of its representatives by almost half in order to obtain a wider distribution of AMA services among its branch offices.

Two other companies—both in the machine industry field—have also added to their representatives, one by four, the other by three, while four individual members, not to be outdone, have changed their memberships to include all seven, instead of two divisions. More and more companies are realizing that membership in the AMA is an insurance against *obsolescence in management*.

tries, will be more than ever a high spot of interest. The new series of classifications introduced for the 1935-36 Awards, brilliantly spotlighting the role of the package **LIBRARY** handising instrument, have been universally ac-claimed.

## Office People to See Annual Business Show

**Final Touches Being Put on Program  
for Office Management Division**

There are two important reasons why people in charge of office work are going to be in New York City during the week of October 19-24. The AMA Office Management Division is holding its annual conference on Wednesday and Thursday, October 21-22, at the Hotel Commodore and, besides that, the annual National Business Show is being held all of that week at the Port Authority Building.

Out-of-town people will want to attend both events, thinks George L. Harris, AMA Vice-President in Charge of the Office Management Division. The Business Show promises to be one of the best ever held, with comprehensive exhibits of office machinery and equipment. Tickets to the Show will be available at the AMA Conference Registration Desk.

The subject of the AMA meeting is "Office Management Problems of These Recovery Days." Subjects that will receive attention include the office organization plan, office personnel management, incentive wage plans, branch office operation, and the budgeting of office expenses. There will be a panel discussion of "How to Sell Sound Office Management to Business Executives."

The list of those who will participate includes: L. A. Herrmann, Office Manager, Servel, Inc.; Orrin G. Sherman, W. H. Laffingwell, Inc.; Leonard Stone, American Telephone and Telegraph Company; Marie P. Sealy, Manager, Planning Department, R. H. Macy & Co., Inc.; E. B. Gage, Supervisor, Office Equipment Standards, Western Electric Company; Morris S. Viteles, Director, Personnel Research and Training, Philadelphia Electric Company; Dr. Marion A. Bills, Anna Life Insurance Company; J. R. Goldman, Lewis Manufacturing Company; J. T. A. Ely, Gregg Publishing Company; Frank Rowland, Secretary, Office Management Association; Stivers, Office Manager, Jewel Tool Inc.; John H. Williams, Manager, Engineer; John Mitchell, John & Associates; L. H. Brigham, President, American Optical Company.



This digest presents the views of various authorities. It does not include strictly confidential information nor specific advice from the sources.

# BUSINESS CONDITIONS

Vol. 9, No. 9

September, 1936

BUSINESS V

GENERAL  
OUTLOOK

## ALEXANDER HAMILTON INSTITUTE

The national income in the U. S. rose in July for the fifth consecutive month; the prospect is that the general trend of the national income will be upward until November; the outlook for the last two months of the year is for a recession (September 5).

MONEY AND  
CREDIT

The current inflationary movement has not resulted entirely from Government spending; extension of private credit, especially to purchasers of automobiles, electrical equipment and similar products has been an important factor (September 12).

SECURITY  
MARKETS

An analysis of 125 representative corporations in the light of the Revenue Act of 1936 shows that a majority of the corporations will, unless they increase their dividend rate, pay the penalty tax; this will be determined by the percentage the tax bears to undistributed earnings (September 10).

PRODUCTION

The outlook is that the value of factory output cannot be maintained during the rest of 1936 at as high a level as in July; this indicates a curtailment of manufacturing activity before the end of 1936 unless prices are reduced; a reduction of prices does not seem likely (September 12).

DISTRIBUTION

Department store sales in July reached another new high; the index stood at 91 as compared with 88 in June and 58 in the depression's low in March 1933; sales were 14% ahead of July last year (August 29).

BUILDING

Residential building contracts were slightly smaller in July than in June but the decrease was more than offset by an increase in non-residential contracts; as compared with a year ago, both residential and non-residential contracts showed sharp increases (August 29).

AGRICULTURE

In July, the farmers were, for the time being, fully out of the depression, since their purchasing power was 4.7% above the pre-depression level in 1929; total farm income so far in 1936, including benefit payments was \$4,024,000,000 as against \$3,427,000,000 in 1935—an increase of 17.4% (September 12).

COMMODITY  
PRICES

After reaching a recovery peak in December 1935, commodity prices trended down for five months; in June prices turned up, and continued upward through July and August; the preliminary August figure of 81.1 is a new high for the recovery movement; some further rise may be expected (August 29).

FOREIGN TRADE  
AND  
CONDITIONS

That 1936 will represent the fourth consecutive period of recovery in the merchandise export trade of the United States continues to be indicated; curtailment of foreign buying in July was confined chiefly to the security market (September 12).

LABOR AND  
WAGES

The rise of four consecutive months in factory payrolls came to a halt in July when a decrease of 1.1% occurred; such a trend is usual in July and compares favorably with the average drop of 3.6% in the previous seventeen years (September 5).

## BARSON STATISTICAL ORGANIZATION

After seven years of crashing downward and struggling upward, the Barsonchart Business curve has finally come back to its X-Y Normal Line. If you need any encouragement for full power and top speed, this is the signal. Fundamental conditions are now all set for prosperity (September 14).

Research work offers one way for your company to plow back part of its earnings into the business without being victimized by the confiscatory taxes on undistributed profits (September 7).

Public buying power should strengthen, corporation earnings expand, and stockholders' dividends increase. The market's long-pull upward trend should continue (September 14).

Today's major improvement is evidenced in automobiles, textiles, electric power, steel activity, and petroleum production (September 14). Automobile output for the second half of 1936 should be well above the same period of last year (September 7).

Current consumer purchasing is of the type to give assurance that coming months should witness continued good business. Merchandise of a semi-luxury type is moving well; better quality goods are in demand; purchases are of increased size (September 14).

The sensational rise in cost of feeding due to the drought should increase marketings of livestock. Beyond the period of liberal marketings, there will be fewer livestock available and the smaller supplies should sell at higher prices (September 7).

Wholesale commodity price trend still points upward. The fractional advance of living costs in the U. S. during the latest month of record heralds a more marked up-trend (September 14).

Canadian fall sales pick-up has been felt this year considerably in advance of the usual time. Both industry and agriculture are joining strong hands in the push toward new recovery highs in general business and sales (September 14).

Workers are becoming less hesitant about striking for more satisfactory conditions. Manufacturers should do their utmost to straighten out any labor difficulties as soon as possible. It is an excellent time to check labor policy against total business (September 14).

## BROOKMIRE, INC.

The attainment of new highs in the market this week illustrates the dominant influence of favorable business trends, despite uncertainties naturally created as the election campaign gathers momentum. Business this fall is expected to be the best in six years (September 12).

Monetary gold stock continues to increase month after month, even though it is already over twice as high as the amount which sufficed as a base for the greatest credit boom in the history of the country (September 5).

While the vigorous uptrend in bond prices, which has been in progress recently, may not be long continued, the indications are strong that the market will be firm for some time to come (September 12).

Besides the industries that are benefiting from the pressure to fill deferred needs, others are tapping entirely new markets and enjoying long-term expansion. New highs in demand are being felt by rayon, gasoline, electric power, diesels, and electric refrigerators (September 12).

Retail trade levels should show further rises from current levels, and aside from the area encompassed by drought, the distribution of sales seems likely to be spread more evenly than at any time since recovery set in (September 5).

With money abundant, incomes rising, marriages increasing, families "doubling," foreclosures declining, population returning from farms to cities, and obsolescence, long-term expansion in construction should make an important contribution to the general economic recovery (September 5).

The September crop report disclosed that crop damage in general was checked and that rains have brought some belated relief from drought (September 12).

A slow advance in commodity prices over a period of time is a favorable factor; and such an upward trend has been the natural outcome in the past when the monetary gold stock and credit base of the country have been built up tremendously, as at present (September 12).

Unsettling influences of potential importance seem to be more in evidence abroad than in this country. Widening of forward discounts on French francs again emphasized the possibility of currency devaluation by the Gold Bloc (September 12).

Post-holiday business. Participants in the am-spruce taxed rail, boat, facilities, showing shortages in equipment.

Extension of power, 3, to use government instead of commercial power. Federal Reserve recommended over the Senator Glass, watchdog serve (September 12).

Some \$334,649,487 was shareholders in August, making it the month of the year and August since 1931. Nine and 72 increases helped (September 5).

With electric power putting new records and w putting a heavy strain on the electrical industry, its important utility into the market with sub (September 5).

Mail order houses are ord sales for August d ravages, but heat together that there were fewer in the month cut margin other retail dry goods (September 12).

Residential construction through the \$100,000, highest peak for the n years. Also gaining in p large scale home construction (September 12).

The best July since 1929's pockets with \$711,000 plus \$24,900,000 of farm next three months represent months in marketings; therefore show further creases over a year ago.

Excellent volume of makes stronger price situation conclusion. Zinc recently lifted, stimulating purchases before the came effective (September 12).

Gold bloc suffers, costly French armament cessitated by Hitler's hughish Fascists announce d program, Manchester c set record (September 12).

Scattered press reports putes are apt to give a notion of their prevalence mid-August, the U. S. ment reports 1,173 strik 2,014 in all of 1935 (Sept

# NEWS AND FORECASTS

Prepared Monthly by the AMERICAN MANAGEMENT ASSOCIATION  
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1936

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## BUSINESS WEEK

ay business news is good, in the annual Labor Day rail, boat, road, and air showing up accumulated equipment (September 12).

of power, expiring March government obligations, in commercial paper, as backing Reserve notes may be over the opposition of ss, watchdog of the Re- mber 12).

,649,487 was distributed to in August by 721 corpora- ing it the second highest year and the biggest Au- 1931. Ninety-seven extras- es helped swell the total 5).

ric power persistently set- ords and with the drought- ay strain on steam gen- electrical industry expects to tant utility customers come ket with substantial orders 5).

houses are reporting rec- or August despite drought- eat together with the fact ere fewer shopping days- ent margins over 1935 for- dry goods distributors 12).

al construction broke e \$100,000,000 mark—its- k for the month in seven- gaining in prominence are- ionic construction projects 12).

uly since 1929 lined farm- with \$711,000,000 of cash, 000 of farm benefits. The- months represent the peak- marketings, and should- ow further but milder in- a year ago (September 5).

volume of lead buying- ger price situation a fore- on. Zinc prices were re- stimulating record-break- s before the new price be- (September 12).

r suffers shock through- h armament program, ne- Hitler's huge army. Span- announce drastic socialist- Manchester cotton imports- September 12).

press reports of labor dis- t to give an exaggerated- iver prevalence. Through- the U. S. Labor Depart- s 1,173 strikes as against- of 1935 (September 5).

## CLEVELAND TRUST COMPANY

This is the first year since before the depression in which general business has improved for three consecutive quarters. There has been progressive improvement in manufacturing, mining, construction, trade, and transportation (September 15).

It now appears probable that for a long time to come bank funds will mostly be held in the form of investments, and that the making of commercial loans will constitute only a minor activity of the banks (September 15).

Probably there will be many irregular and unpredictable changes in dividend payments between now and the close of the year as decisions are made as to the wise and prudent disposals to be made of corporate earnings (September 15).

Business activity has advanced so vigorously this summer that the business indexes for July released for publication at the end of August by the Federal Reserve Board make the remarkable record of showing a unanimous series of increases in each of the 20 items (September 15).

Agricultural prices have moved up so far that the total incomes of the farmers this year will probably exceed those of last year, but they will be most unevenly distributed (September 15).

Probably the most unfavorable factor in the near-term outlook is the advance in the prices of agricultural commodities due to the short crops. This is operating to increase the cost of living by raising the prices of food, and so decreasing spending power for other goods (September 15).

Although figures are not yet available, it looks as though foreign trade were an exception to the general trend of improvement (September 15).

## GUARANTY TRUST COMPANY

Among other indications of business improvement is the larger sale of life insurance; the volume of new ordinary life insurance sold last month was 6% greater than a year ago, with every section of the country reporting a gain (August 31).

As was generally expected, the 50% increase in reserve requirements for member banks has had no visible adverse effects either on the position of the banks or on the course of business itself (August 31).

The amount of new security issues declined sharply last month, totaling only \$338,382,702, as against \$731,166,331 in June and \$644,508,655 a year ago; however the amount of new corporate capital represented in the total was larger than in any corresponding month since 1932 (August 31).

Steel mill and electric power production have been fully maintained; auto output has been somewhat erratic with the approach of the season for new models, but nothing has occurred to alter the favorable position of the industry (August 31).

Department store sales were 14% larger than a year ago, while the total for the first seven months of the year shows an increase of 11% above that for the like period last year (August 31).

The construction industry, which has been rather slow in experiencing the effects of general business recovery, reports substantial progress toward higher levels of activity; total contracts for the first seven months of the year are 79% above the same period of 1935 (August 31).

It is likely that total farm income for the year will surpass that for 1935 by a generous margin; cash farm income so far in 1936 has been 11% higher than in the same period for 1935, despite lower benefit payments (August 31).

The level of commodity prices during the 30 days ended August 15 advanced sharply; the wholesale price index of the Guaranty Trust Company for that date stands at 58.9, an increase of 3 points; the index is 32 points below that for March, 1929 (August 31).

Factory employment last month reached the highest level since October 1930; the gain from June to July, though small, was significant; only three times in the last 17 years has an increase been reported at this time of year (August 31).

## NATIONAL CITY BANK

With industries operating at the highest level in six years, farm prices advancing, and bonus payments and other Government disbursements adding temporarily to purchasing power, the volume of goods moved has equalled the most hopeful expectations (September).

There was a rise of approximately \$100,000,000 in "all other" loans of the weekly reporting banks in the three weeks ended August 19. While all loans of this category are not of commercial character, its fluctuations are roughly indicative of general business borrowing (September).

Cotton mills, with a good backlog of orders, are operating at a better rate than in the spring, and at the highest summer rate on record. Steel reports are especially encouraging. Continuing improvement is evident in capital goods lines (September).

More money has been spent on travel and vacations than in a good many years, and July railway earnings more than doubled a year ago. Department stores in western cities as well as eastern have shown good increases in the past month (September).

The volume of privately financed construction continues to rise, and is at the highest level since early in the depression (September).

The short corn supply is by far the most important effect of the drought, and its influence will be felt chiefly through the pork and lard markets, since hogs normally consume 40% of the crop (September).

A seasonal drop in hog prices is indicated this fall and a sharp advance thereafter, but of course buying in anticipation of the spring shortage may iron out these fluctuations and moderate the seasonal decline (September).

The European political situation is under a severe strain, but the attitude of the Powers supplies considerable assurance that the Spanish conflict will not be permitted to embroil other countries (September).

The drought may lead to a disturbance in labor relationships, if the rise in living costs leads to demands for higher wages, increasing the already acute danger of labor disputes (September).